

## Message Text

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ACTION COME-00

INFO OCT-01 ARA-10 EUR-12 ISO-00 EB-08 /031 W

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FM USINT HAVANA

TO SECSTATE WASHDC 653

INFO AMEMBASSY BUDAPEST

AMEMBASSY WARSAW

C O N F I D E N T I A L HAVANA 0747

EO 11652: GDS

TAGS: EEWT EFIN CU

SUBJ: CUBAN DEALINGS IN EUROCURRENCY MARKET

REF: USDOC 19465

1. RAUL AMADO BLANCO, VICE-PRESIDENT OF BANCO NACIONAL DE CUBA, TOLD USINT OFFICER (GLASSMAN), NOVEMBER 30, THAT CUBA HAS NOT SOUGHT LOANS ON EUROCURRENCY MARKET FOR MORE THAN ONE YEAR. (COMMENT: AMADO BLANCO DID NOT MENTION LOAN REPORTED REFTTEL, PERHAPS BECAUSE OF FICTION THAT LOAN IS BEING SOUGHT BY SOVIET VRESHTORGBANK). HE SAID THAT CUBANS PURPOSELY HAVE RESTRICTED THEIR EFFORTS TO OBTAIN LOANS BECAUSE OF DIFFICULT GOC HARD CURRENCY SITUATION.

2. AMADO BLANCO SAID THAT, IN PAST, CUBANS HAVE NOT SOUGHT EUROCURRENCY LOANS FOR GENERAL BALANCE OF PAYMENT SUPPORT. GENERALLY, EUROCURRENCY LOANS HAVE BEEN USED IN FINANCE INFRA-STRUCTURE ASSOCIATED WITH SPECIFIC PROJECTS. ALSO, LAST DIRECT EUROCURRENCY LOAN (THAT IS, PRESUMABLY IN 1976) WAS USED TO REFINANCE GOODS THAT GOC HAD ORDERED (AND FOR WHICH IT HAD PRESUMABLY RECEIVED STATE CREDITS OR 180 DAY COMMERCIAL FINANCING) IN 1974-75 SUGAR BOOM PERIOD, BUT COULD NOT PAY FOR IN 1976. AMADO BLANCO SAID THAT CUBANS HAVE NOT DRWN DOWN LARGE AMOUNT OF WESTERN STATE CREDITS (FOR EXAMPLE, CONFIDENTIAL

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FROM STATES SUCH AS FRANCE), NOT SO MUCH BECAUSE OF FINANCIAL PROBLEMS, BUT BECAUSE OF TIED FEATURE OF FINANCING. WHEN ASKED ABOUT RECENT CUBAN PROTESTATIONS OF FUTURE INTEREST IN EX-IM FINANCING, AMADO BLANCO SAID THAT BREADTH OF AVIALABLE GOODS IN US MARKET MADE TIED FINANCING LESS RESTRICTIVE THAN IN CASE OF OTHER WESTERN STATES.

3. AMADO BLANCO SAID THAT CUBA RECEIVES ADDITIONAL HARD CURRENCY SUPPORT ON BASIS OF PERIODIC COLLECTIVE LOANS NEGOTIATED BY COMECON CENTRAL BANKS. AMADO BLANCO SAID THAT CUBA'S SHARE OF THESE LOANS VARIES AND IS SUBJECT TO NEGOTIATION.

4. IN DISCUSSING NARROW POINT SPREAD ACHIEVED BY POLES IN RECENT EUROCURRENCY DEALINGS, AMADO BLANCO ASSERTED THAT QUOTED RATES ARE DECEPTIVE IN THAT LARGE PORTION OF LOANS CONSISTED OF TIED CREDITS. HE SAID THAT, AMONG EE STATES NOW, ONLY HUNGARIANS ARE GETTING FAVORED TREATMENT IN EUROCURRENCY MARKETS. WHEN ASKED WHETHER CUBA WILL EMULATE MORE DECENTRALIZED HUNGARIAN SYSTEM OF FOREIGN TRADE, AMADO BLANCO SAID THAT CUBANS DID NOT ENVISAGE ALLOWING ANY ENTERPRISE AUTONOMY WITH REGARD TO EITHER PURCHASING OR FINANCING. (COMMENT: SOME CUBAN FOREIGN TRADE OFFICIALS HAVE SPOKEN WITH FAVOR TO US ABOUT HUNGARIAN ECONOMIC MODEL.)  
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